

Message Text

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15

ORIGIN COME-00

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-02

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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STR/RMATTHEISEN
STATE/EUR/RPE/JMCCARTHY

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R 222314Z MAY 75
FM SECSTATE WASHDC
TO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
USMISSION EC BRUSSELS
USMISSION GENEVA
INFO AMEMBASSY BUCHAREST
AMEMBASSY OTTAWA
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AMEMBASSY SEOUL
AMEMBASSY TOKYO
AMEMBASSY WARSAW

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E.O.: 11652 N/A

TAGS: ETRD, GATT, EC EFTA

SUBJ: STATUS OF PROPOSALS FOR CHANGES IN EC/EFTA RULES

-- OF ORIGIN

REFS: A. BONN A-26 JAN. 20, 1975 NOTAL

-- B. STOCKHOLM 1224 MARCH 14, 1975 NOTAL (REPEATED
-- TO ALL ACTION POSTS.)

-- C. OSLO 1150 MARCH 20, 1975 NOTAL

-- D. USEC 3032 APRIL 4, 1975

-- E. STATE A-2497 APRIL 10, 1975

1. WE CONSIDER QUITE SIGNIFICANT THE PROPOSALS FOR CHANGES IN THE EC/EFTA RULES OF ORIGIN RECOMMENDED BY VARIOUS PARTIES TO THE EC/EFTA FREE TRADE AGREEMENTS. OF PARTICULAR IMPORTANCE ARE THE EFTA PROPOSALS (REF. D) AND THE GERMAN RECOMMENDATIONS (REF. A), BOTH OF WHICH INCLUDE A 50 PERCENT RULE FOR MOST PRODUCTS. IF ADOPTED, THESE PROPOSED CHANGES WOULD GREATLY LIBERALIZE THE EC/EFTA RULES OF ORIGIN SYSTEM AND WOULD GO A LONG WAY TOWARD ELIMINATING THE ADVERSE EFFECTS THAT THE CURRENT RULES ARE PRESENTLY HAVING AND ARE LIKELY TO HAVE ON U.S. TRADE.

2. FOR PURPOSES OF PLANNING FOR THE NEXT ARTICLE XXII CONSULTATION WHICH WE HOPE WILL TAKE PLACE IN EARLY JULY (SEE REF. E) AND FOR THE DEVELOPMENT OF U.S. STRATEGY ON THE ISSUE SUBSEQUENT TO THAT MEETING, WE NEED AS MUCH

INFORMATION AS POSSIBLE ON THE STATUS OF THESE PROPOSALS.

3. POSTS ARE REQUESTED TO INQUIRE ABOUT THE CURRENT STATUS OF PROPOSALS FOR CHANGES IN THE RULES OF ORIGIN, TRY TO DETERMINE THE DEGREE OF EC MEMBER STATE SUPPORT FOR THE VARIOUS PROPOSALS, AND ATTEMPT TO
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ASCERTAIN THE LIKELY TIME-FRAME FOR CONSIDERATION AND ADOPTION OF THE PROPOSALS. PUBLICLY AVAILABLE INFORMATION ABOUT THE PROPOSALS INCLUDES: (1) THE SWEDISH MARCH 14, 1975 PRESS RELEASE WHICH OUTLINES THE SWEDISH PROPOSALS (SEE PARAGRAPH 1, REF. B); (2) THE OCTOBER 5, 1974 ISSUE OF "EUROPE" (P. 8) WHICH BRIEFLY DESCRIBES THE GERMAN GOVERNMENT PROPOSALS INCLUDING THE RECOMMENDATION THAT A 50 PERCENT RULE BE ADOPTED FOR ALL PRODUCTS; AND (3) THE MARCH 19, 1975 ISSUE OF "EUROPEAN REPORT" WHICH OUTLINES THE EFFORTS OF THE EFTA COUNTRIES IN SEEKING CHANGES IN THE RULES. THIS REPORT STATES THAT "AS PART OF A CONCERTED EFTA EFFORT STAGE-MANAGED FROM THE

ORGANIZATION'S HEADQUARTERS IN GENEVA, SWEDEN AND NORWAY HAVE PRESENTED THE COMMISSION WITH A NUMBER OF PROPOSALS ON SIMPLIFICATION AND IMPROVEMENT OF THE RULES OF ORIGIN IN TRADE IN WESTERN EUROPE. ALL THE OTHER EFTA COUNTRIES ARE EXPECTED TO FOLLOW SUIT SHORTLY WITH BROADLY IDENTICAL PROPOSAL. THE PROPOSALS ARE REGARDED BY BOTH SIDES AS A MEDIUM-TO-LONG-TERM PROJECT SINCE IN MANY CASES THERE ARE POLITICAL AS WELL AS TECHNICAL HURDLES TO OVERCOME

THE QUESTION OF SIMPLIFICATION IS GIVEN ADDED POLITICAL SENSITIVITY BY THE ONGOING DISPUTE IN GATT BETWEEN THE UNITED STATES AND THE EEC/EFTA BLOC ON THE RULES OF ORIGIN. THE US HAS CHARGED THAT THE EFFECT OF EFTA INTRODUCING THE EEC RULES HAS BEEN TO CREATE NON-TARIFF BARRIERS TO TRADE; THE EEC AND EFTA HAVE JOINTLY DENIED THIS CHARGE BUT THE DISPUTE CONTINUES. BOTH EUROPEAN PARTIES TO THE DISAGREEMENT WILL BE AT PAINS TO STRESS THAT THE NEW PROPOSALS IN NO WAY IMPLY, HOWEVER, THAT EFTA AGREES WITH THE AMERICAN INTERPRETATION."

SINCE THE COMBINED EFTA DECISION TO MAKE A PROPOSAL (REF. D) ALONG THE LINES OF THE PUBLICIZED SWEDISH PROPOSAL HAS NOT BEEN OFFICIALLY RELEASED YET AND THE UNITED STATES WISHES TO PROTECT ITS SOURCE, POSTS IN MAKING INQUIRIES TO APPROPRIATE GOVERNMENT OFFICIALS SHOULD REFERENCE PUBLIC SOURCES OF INFORMATION SUCH AS THOSE NOTED ABOVE, PARTICULARLY THE EUROPEAN REPORT WHICH SUGGESTS A PROBABLE COMBINED EFTA PROPOSAL. INGERSOLL

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BONN
BRUSSELS
COPENHAGEN
DUBLIN
THE HAGUE

HELSINKI
LISBON
LONDON
LUXEMBOURG
OSLO
PARIS
REYKJAVIK
ROME
STOCKHOLM
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GENEVA INFO BUCHAREST
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